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Ex Parte – via Electronic Filing

Ms. Marlene Dortch
Secretary
Federal Communications Commission
Room TW-A325
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 01-92

On April 23, 2003, Charles Meyers, Sr. Vice President, Global Softswitch, Bill Hunt, Vice President, Public Policy, Sara Baack, Director, Global Softswitch, and Staci Pies, Director, Federal Regulatory Affairs, of Level 3 Communications met with William Maher, Bureau Chief, Jeffrey Carlisle, Senior Deputy Bureau Chief, and Joshua Swift, Legal Counsel, of the Wireline Competition Bureau, Tamara Preiss, Division Chief, and Jennifer McKee, of the Pricing Policy Division, and Thomas Navin, Deputy Division Chief and Julie Veach, of the Competition Policy Division, regarding Level's Voice over Internet Protocol (VoIP) applications. During the meeting, Level 3 discussed the importance of the FCC providing clear guidance to carriers and other regulators with respect to the treatment of IP-based applications. Level 3 acknowledges that the Commission has not yet adopted final conclusions regarding the nature of VoIP traffic. In the absence of such conclusions, however, the ESP exemption remains in place and VoIP traffic is not subject to the interstate access charges applicable to circuit-switched traffic.

Although the FCC's "hands off" approach to IP-based applications was intended to stimulate investment, the uncertainty and increasing levels of disputes among carriers over the continued application of the ESP exemption undermine that intent. Therefore, the time is ripe for the FCC to adopt a comprehensive intercarrier compensation regime that will encourage additional investment and increase the availability of these innovative products to the American consumer.

VoIP exposes the irrational uneconomic nature of the existing access charge system and should be viewed as a catalyst for necessary reform of the current intercarrier compensation regime – rather than an opportunity to extend that inefficient system to new services. Level 3 encourages the FCC to adopt a compensation scheme that does not discriminate based on technology or network architecture, removes the implicit subsidies in the current access charge regime, and ensures that carriers are

compensated only for the efficient cost of the functionality they are providing to interconnecting carriers. Finally, in conjunction with intercarrier compensation reform, Level 3 urges the FCC to complete reform of the universal service system to ensure a sustainable fund based on an explicit, equitable, and nondiscriminatory contribution methodology.

Sincerely,

/s/ submitted electronically

Staci L. Pies
Director, Federal Regulatory Affairs